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County of Los Angeles

DEPARTMENT OF PUBLIC SOCIAL SERVICES

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December 07, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#18 DECEMBER 7, 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

RECOMMENDATION TO APPROVE AN AUTOMATIC MONTH-TO-MONTH EXTENSION FOR UP TO SIX MONTHS FOR THE 13 STAGE 1 CHILD CARE CONTRACTS (ALL DISTRICTS – 3 VOTES)

SUBJECT

The Department of Public Social Services (DPSS) continues to require the services of 13 contractors to provide Stage 1 Child Care (S1CC) services to the County's CalWORKs participants. These contractors assist participants in obtaining child care services so that the participant may be actively engaged in required Welfare-to-Work activities. The month-to-month extension for up to six months would provide sufficient time to finalize the ongoing negotiations of the new three-year contracts with the 13 contractors.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of DPSS to prepare and execute contract amendments, in substantially similar form as Enclosure I, with the 13 current S1CC contractors for the amounts indicated on Enclosure II. The amendments extend the terms of the contracts on an automatic month-to-month basis for a period of up to six months effective January 1, 2011 through June 30, 2011 at an estimated cost of \$63,979,000. This estimated cost will be fully funded by the CalWORKs Single Allocation. Funding for the contract amendments has been included in the Fiscal Year (FY) 2010-11 DPSS budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will allow DPSS to continue to provide vital child care services to the County's CalWORKs participants to assist them in participating in required Welfare-to-Work activities

and to achieve the goal of self-sufficiency. Under the S1CC contracts, the contractors: 1) ensure that the parent is provided with the necessary information and assistance to make an informed child care choice, 2) determine that the parent is eligible to receive S1CC services, and 3) process provider payments.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan Goal 2; Children, Family and Adult Well-Being, Strategy 1; Client-Center Integrated Services: Develop and implement client-centered approaches through integrated services and best practices.

FISCAL IMPACT/FINANCING

The cost of extending the S1CC contracts will be fully offset by CalWORKs Single Allocation funds. Therefore, there is no additional net County cost after the required Maintenance of Effort is met. The total cost of the month-to-month extension for the 13 S1CC contracts for up to six months is estimated to be \$63,979,000, which includes \$12,150,000 for operational and administrative fees paid to the contractors and \$51,829,000 for the direct costs of child care provided to children of CalWORKs participants.

Funding for the contract amendments is included in FY 2010-11 DPSS budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Education Code 8350 requires three stages of child care services. Subsection 8351(a) of the same code requires County welfare departments to manage the first stage (S1CC). Subsection 8351(e) allows counties to contract for any or all S1CC services. Stage 2 and Stage 3 Child Care Programs are under the administrative authority of the California Department of Education (CDE). DPSS has contracted with the same agencies that CDE contracts with for Stages 2 and 3 programs since December 1998. On October 8, 2010, Governor Schwarzenegger in the completion of the 2010-2011 State Budget eliminated funding to the Stage 3 Child Care Program for low-income working families, however, services for Stages 1 and 2 will remain.

The current contracts for these services expire on December 31, 2010. Due to delays caused by the State Budget crisis and other factors, the Department will not be able to complete renegotiation of the new three-year contracts by December 31, 2010. The California Department of Social Services (CDSS) has approved the Department's request to extend the contracts for another six months under the same terms and conditions. The recommended contract amendments will extend the current contracts on the same terms and conditions. The contracts with the City of Norwalk and Pomona Unified School District include provisions to adjust payments based on actual expenses incurred.

The contract amendments have been approved as to form by County Counsel.

CONTRACTING PROCESS

The S1CC services contracts were negotiated as sole source contracts with the 13 Stage 2 and Stage 3 contractors to ensure a seamless transition for participants transitioning from Stage 1 to Stages 2 and 3. The current contracts went into effect between

September 1, 2006 and October 1, 2006 and were to expire on June 30, 2009.

On March 20, 2009, CDSS approved our requests to extend these current contracts on a month-to-month basis for up to six months from July 1, 2009 through December 31, 2009. Subsequently on November 16, 2009, CDSS approved our request to extend the contracts for a 12-month period from January 1, 2010 through December 31, 2010 due to the State Budget and CalWORKs Welfare-to-Work exemption criteria changes.

On November 12, 2010, CDSS approved our request to extend the contracts for up to six months, from January 1, 2011 through June 30, 2011, due to the unique circumstances caused by the delay in finalization of the State budget and potential reductions in the CalWORKs and Child Care Programs.

CONTRACT PERFORMANCE

The monitoring of the 13 S1CC contracts is performed on a quarterly basis. Monitoring results for the most recent monitoring period indicate, overall, the contractors are in compliance with the contract requirements. The expected performance outcome for these 13 contracts is to approve child care for all eligible CalWORKs participants. In general, the contractors' approval rates are below 50 percent. DPSS has been working with the Chief Executive Office, Service Integration Branch, as well as other stakeholders, to evaluate the causes and find solutions to increase approval rates. The Department intends to incorporate changes in the new three-year contracts that are geared towards increasing utilization of child care services by eligible CalWORKs participants.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

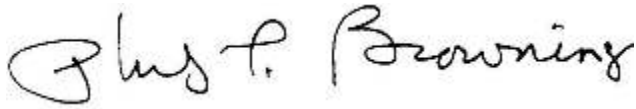
The recommended action will permit the uninterrupted provision of S1CC services to children of CalWORKs participants. The recommended action will not infringe on the role of the County in relationship to its residents and the County's ability to respond to an emergency will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

Upon Board approval, the Executive Office, Board of Supervisors, is requested to return one adopted stamped Board letter to the Department of Public Social Services.

The Honorable Board of Supervisors
12/7/2010
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Respectfully submitted,

A handwritten signature in black ink, reading "Philip L. Browning". The signature is written in a cursive, flowing style.

PHILIP L. BROWNING
Director

PLB:dn

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**AMENDMENT NUMBER FOUR
TO THE CONTRACT BY AND BETWEEN
THE COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES AND
(NAME OF CONTRACTOR) TO PROVIDE
STAGE 1 CHILD CARE SERVICES**

Reference is made to the Agreement entitled "CalWORKs Stage 1 Child Care Services Contract" and further identified as County Contract Number CMD _____ by and between County of Los Angeles and Contractor for Stage 1 Child Care Services" dated (September/October) 1, 2006, Amendment One dated October 30, 2007, Amendment Two dated June 29, 2009, Amendment Number Three dated December 22, 2009, Change Notice One dated November 13, 2006, Change Notice Two dated February 28, 2007, Change Notice Three dated October 4, 2007, Change Notice Four dated August 14, 2008, Change Notice Five dated October 30, 2008, and Change Notice Seven dated June 8, 2009 (collectively hereinafter referenced as "Agreement").

This Amendment shall be effective as of January 1, 2011 or upon execution by the Director, Department of Public Social Services, whichever is later.

WHEREAS, Contractor is qualified to provide the CalWORKs Child Care Resource and Referral and/or Alternative Payment Provider services as set forth hereunder and warrants that it possesses the competence, expertise and personnel necessary to provide such child care services as referrals, orientation, case management, record maintenance, and payments; and

WHEREAS, COUNTY finds it necessary to secure such professional services; and

WHEREAS, based upon non-competitive negotiation under Code of Federal Regulations 45, Part 74 (Administration of Grants) and California Department of Social Services regulations and policies, CONTRACTOR has been selected for recommendation for award of this Contract;

WHEREAS, this Contract is further authorized by California Government Code Section 26227 and California Education Code 8351(e); and

WHEREAS, the County and Contractor desire to extend the Contract, on an automatic month-to-month basis for up to an additional six-month period January 1, 2011 through June 30, 2011.

THEREFORE, COUNTY and CONTRACTOR hereby agree to amend this Contract as follows:

- I. **CONTRACT, Section 4.0, TERM OF CONTRACT, Paragraph 4.1** as last revised in Amendment Three is replaced in its entirety as follows:

- 4.1 This contract is extended for an additional six-month period commencing July 1, 2009 through December 31, 2009.
- 4.2 This Contract is extended on an automatic month-to-month basis for an additional twelve-month period commencing January 1, 2010 through December 31, 2010. COUNTY has the option to terminate the Contract earlier in accordance with Contract Section 8.54, Termination for Convenience of the COUNTY.
- 4.3 This Contract is extended on an automatic month-to-month basis for up to an additional six-month period commencing January 1, 2011 through June 30, 2011. COUNTY has the option to terminate the Contract earlier in accordance with Contract Section 8.54, Termination for Convenience of the COUNTY.

II. **CONTRACT, Section 5.0 COMPENSATION, Paragraph 5.7, Advances and Settlements**, sub-paragraph 5.7.6 is added as follows:

- 5.7.6 The advance funds issued to CONTRACTOR for Fiscal Year 2010-11 on or about July 10, 2010 pursuant to sub-paragraph 5.7.4, shall be carried over to the successor contract. If no successor contract is executed by CONTRACTOR and COUNTY, COUNTY shall recoup the advances on the final invoice submitted to the COUNTY by the CONTRACTOR, and if any additional recoupment is necessary, CONTRACTOR shall pay COUNTY by cash payment within three calendar days of the final determination by COUNTY of the amount of the payment.

All other provisions, terms and conditions in the Contract and Contract amendments remain in full force and in effect.

The parties hereto have caused this Amendment Number Four to be executed by their authorized officers.

COUNTY OF LOS ANGELES

By: _____
Philip L. Browning, Director
Department of Public Social Services

Date

CONTRACT NAME AND NUMBER

By: _____
Name
Executive Director

Date

APPROVED AS TO FORM:

**ANDREA SHERIDAN ORDIN
COUNTY COUNSEL**

By: _____
David R. Beaudet
Deputy County Counsel

Date

**STAGE 1 CHILD CARE
ESTIMATED COSTS FOR THE SIX-MONTH EXTENSION PERIOD
JANUARY 1, 2011 THROUGH JUNE 30, 2011**

Contractor	Operational and Administrative Fees¹	Direct Provider Payments	Total	Supervisory District
Center for Community & Family Services	\$1,211,000	\$6,126,000	\$7,337,000	1, 2, 4
Child Care Information Service	\$254,000	\$912,000	\$1,166,000	1, 5
Child Care Resource Center	\$2,797,000	\$11,548,000	\$14,345,000	1, 3, 5
Children's Home Society of California	\$790,000	\$2,685,000	\$3,475,000	2, 4
City of Norwalk	\$191,000	\$943,000	\$1,134,000	4
Connections for Children	\$137,000	\$575,000	\$712,000	2, 3, 4
Crystal Stairs, Inc.	\$2,311,000	\$10,076,000	\$12,387,000	1, 2, 4
Drew Child Development Corporation	\$932,000	\$4,934,000	\$5,866,000	1, 2
International Institute of Los Angeles	\$123,000	\$456,000	\$579,000	1
Mexican American Opportunity Foundation	\$1,057,000	\$4,504,000	\$5,561,000	1, 5
Options	\$861,000	\$3,545,000	\$4,406,000	1, 4, 5
Pathways	\$589,000	\$2,166,000	\$2,755,000	1, 2, 3
Pomona Unified School District	\$897,000	\$3,359,000	\$4,256,000	1, 4, 5
TOTAL	\$12,150,000	\$51,829,000	\$63,979,000	

Source of data: Financial Management Division 10/18/10.

¹ Operational and Administrative fees include costs (direct and indirect) such as, employee salaries, employee benefits, insurance, management overhead, supplies, computer equipment, software, postage and printing.